

**COLLEGE COMMUNITY  
SCHOOL DISTRICT  
CEDAR RAPIDS, IOWA  
FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION  
FINDINGS AND QUESTIONED COSTS  
June 30, 2004**

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# COLLEGE COMMUNITY SCHOOL DISTRICT

## OFFICIALS

June 30, 2004

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b><u>Board of Education</u></b>		
<b>(Before September 2003 Election)</b>		
Kris Ruprecht	President	2004
Mark Hunt	Board Member	2005
Shirley Exline	Board Member	2005
Randy Bauer	Board Member	2004
Norm Zahradnik	Board Member	2004
Sandy Flatgard	Board Member	2003
Maggi Beitzel	Board Member	2003
<b>(After September 2003 Election)</b>		
Randy Bauer	President	2004
Norm Zahradnik	Board Member	2004
Kris Ruprecht	Board Member	2004
Shirley Exline	Board Member	2005
Mark Hunt	Board Member	2005
Lauri Hughes	Board Member	2006
Sandy Flatgard	Board Member	2006
<b><u>School Officials</u></b>		
Richard Whitehead	Superintendent	2007
James A. Rotter, Jr.	District Secretary - Treasurer and Director of Business Services	Indefinite

## **Independent Auditor's Report**

To the Board of Education of the  
College Community School District

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the College Community School District, Cedar Rapids, Iowa, as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the College Community School District as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated August 20, 2004 on our consideration of College Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 17 and 57 through 66 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise College Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Clifton Gunderson LLP*

Cedar Rapids, Iowa  
August 20, 2004

## **FINANCIAL STATEMENTS**

# COLLEGE COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2004

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,098,034	\$ 269,601	\$ 5,367,635
Receivables:			
Property tax:			
Delinquent	135,977	-	135,977
Succeeding year	15,278,121	-	15,278,121
Accounts	34,897	9,271	44,168
Accrued interest	5,053	55	5,108
Due from other governments	1,159,934	-	1,159,934
Loan	97,755	-	97,755
Inventories	1,589	22,743	24,332
Prepaid expenses	1,118	375	1,493
Capital assets, net of accumulated depreciation	<u>55,505,385</u>	<u>537,193</u>	<u>56,042,578</u>
Total assets	<u>77,317,863</u>	<u>839,238</u>	<u>78,157,101</u>
<b>LIABILITIES</b>			
Accounts payable	360,278	37,452	397,730
Accrued expenses	852,223	22,524	874,747
Salaries and benefits payable	394,305	35,492	429,797
Due to other governments	55,529	-	55,529
Accrued interest payable	264,310	-	264,310
Deferred revenue - succeeding year property tax	15,278,121	-	15,278,121
Long-term liabilities:			
Portion due within one year:			
Bonds payable	1,515,000	-	1,515,000
Notes payable	250,000	-	250,000
Early retirement	191,648	-	191,648
Portion due after one year:			
Bonds payable	35,535,000	-	35,535,000
Notes payable	2,050,000	-	2,050,000
Early retirement	<u>709,899</u>	<u>-</u>	<u>709,899</u>
Total liabilities	<u>57,456,313</u>	<u>95,468</u>	<u>57,551,781</u>



**Exhibit A**

	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>	<b><u>Total</u></b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	16,767,721	537,488	17,305,209
Restricted for:			
Physical plant and equipment levy	82,036	-	82,036
Other special revenue purposes	291,613	-	291,613
Unrestricted	<u>2,720,180</u>	<u>206,282</u>	<u>2,926,462</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$ 19,861,550</u></b>	<b><u>\$ 743,770</u></b>	<b><u>\$ 20,605,320</u></b>

These financial statements should be read only in connection  
with the accompanying notes to financial statements.

**COLLEGE COMMUNITY SCHOOL DISTRICT**  
**Statement of Activities**  
**June 30, 2004**

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>	<u>Capital Grants, Contributions, and Restricted Interest</u>
Governmental activities:				
Instruction:				
Regular instruction	\$ 11,679,390	\$ 1,881,335	\$ 656,473	\$ -
Special instruction	6,296,505	1,578,597	115,717	-
Other instruction	<u>1,714,460</u>	<u>939,418</u>	<u>127,857</u>	<u>-</u>
	<u>19,690,355</u>	<u>4,399,350</u>	<u>900,047</u>	<u>-</u>
Support services:				
Student services	922,990	-	226,662	-
Instructional staff services	1,826,987	-	39,000	-
Administration services	2,278,988	-	-	-
Operation and maintenance of plant services	2,368,361	69,881	11,857	-
Transportation services	<u>1,393,481</u>	<u>4,213</u>	<u>20,920</u>	<u>-</u>
	<u>8,790,807</u>	<u>74,094</u>	<u>298,439</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	-	-	-	68,195
Long-term debt interest	1,792,438	-	5,288	-
AEA flowthrough	908,084	-	908,084	-
Depreciation (unallocated)	<u>1,461,127</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,161,649</u>	<u>-</u>	<u>913,372</u>	<u>68,195</u>
Total governmental activities	<u>32,642,811</u>	<u>4,473,444</u>	<u>2,111,858</u>	<u>68,195</u>
Business-type activities:				
Non-instructional programs:				
Nutrition services	1,549,402	990,633	441,824	-
Daycare services	878,225	804,995	55,362	-
Concession services	105,910	122,915	-	-
Print services	<u>141,482</u>	<u>148,437</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>2,675,019</u>	<u>2,066,980</u>	<u>497,186</u>	<u>-</u>
<b>Total</b>	<u>\$ 35,317,830</u>	<u>\$ 6,540,424</u>	<u>\$ 2,609,044</u>	<u>\$ 68,195</u>

**Net (Expense) Revenue  
and Changes in Net Assets**

<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>	<b><u>Total</u></b>
\$ (9,141,582)	\$ -	\$ (9,141,582)
(4,602,191)	-	(4,602,191)
<u>(647,185)</u>	<u>-</u>	<u>(647,185)</u>
<u>(14,390,958)</u>	<u>-</u>	<u>(14,390,958)</u>
(696,328)	-	(696,328)
(1,787,987)	-	(1,787,987)
(2,278,988)	-	(2,278,988)
(2,286,623)	-	(2,286,623)
<u>(1,368,348)</u>	<u>-</u>	<u>(1,368,348)</u>
<u>(8,418,274)</u>	<u>-</u>	<u>(8,418,274)</u>
68,195	-	68,195
(1,787,150)	-	(1,787,150)
-	-	-
<u>(1,461,127)</u>	<u>-</u>	<u>(1,461,127)</u>
<u>(3,180,082)</u>	<u>-</u>	<u>(3,180,082)</u>
<u>(25,989,314)</u>	<u>-</u>	<u>(25,989,314)</u>
-	(116,945)	(116,945)
-	(17,868)	(17,868)
-	17,005	17,005
<u>-</u>	<u>6,955</u>	<u>6,955</u>
<u>-</u>	<u>(110,853)</u>	<u>(110,853)</u>
<u>(25,989,314)</u>	<u>(110,853)</u>	<u>(26,100,167)</u>

(continued)

**COLLEGE COMMUNITY SCHOOL DISTRICT**  
**Statement of Activities**  
**June 30, 2004**

		<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating Grants,</u>	<u>Capital Grants,</u>
	<u>Expenses</u>	<u>Service</u>	<u>Contributions, and</u>	<u>Contributions, and</u>
			<u>Restricted Interest</u>	<u>Restricted Interest</u>
<b>GENERAL REVENUES:</b>				
Property tax levied for:				
General purposes				
Debt service				
Capital outlay				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				
Change in net assets				
Net assets, beginning of year, as restated				
Contributed capital				
Net assets, end of year				

**Net (Expense) Revenue  
and Changes in Net Assets**

<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>	<b><u>Total</u></b>
21,171,047	-	21,171,047
3,098,969	-	3,098,969
204,368	-	204,368
266,511	-	266,511
33,434	1,585	35,019
<u>37,803</u>	<u>-</u>	<u>37,803</u>
<u>24,812,132</u>	<u>1,585</u>	<u>24,813,717</u>
(1,177,182)	(109,268)	(1,286,450)
21,038,732	675,913	21,714,645
<u>-</u>	<u>177,125</u>	<u>177,125</u>
<u>\$ 19,861,550</u>	<u>\$ 743,770</u>	<u>\$ 20,605,320</u>

These financial statements should be read only in connection  
with the accompanying notes to financial statements.

# COLLEGE COMMUNITY SCHOOL DISTRICT

## Balance Sheet Governmental Funds

June 30, 2004

	<u>General</u>	<u>Special Revenue- Management</u>	<u>Debt Service</u>
<b>ASSETS</b>			
Cash and pooled investments	\$ 3,237,782	\$ 529,984	\$ 23,659
Receivables:			
Property tax:			
Delinquent	95,680	4,208	26,463
Succeeding year	10,714,503	559,592	2,862,943
Accounts	33,985	-	-
Accrued interest	3,758	116	2
Due from other governments	1,159,934	-	-
Loan	97,755	-	-
Inventories	1,589	-	-
Prepaid expenses	<u>1,118</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u><b>\$15,346,104</b></u>	<u><b>\$ 1,093,900</b></u>	<u><b>\$ 2,913,067</b></u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 28,036	\$ -	\$ -
Accrued expenses	852,223	-	-
Salaries and benefits payable	394,208	191,648	-
Excess of warrants issued over bank balance	-	-	-
Due to other governments	55,529	-	-
Deferred revenue-succeeding year property tax	<u>10,714,503</u>	<u>559,592</u>	<u>2,862,943</u>
Total liabilities	<u>12,044,499</u>	<u>751,240</u>	<u>2,862,943</u>
Fund balances:			
Reserved for:			
Talented and gifted	-	-	-
Debt service	-	-	50,124
Unreserved	<u>3,301,605</u>	<u>342,660</u>	<u>-</u>
Total fund balances	<u>3,301,605</u>	<u>342,660</u>	<u>50,124</u>
<b>Total liabilities and fund balances</b>	<u><b>\$15,346,104</b></u>	<u><b>\$ 1,093,900</b></u>	<u><b>\$ 2,913,067</b></u>

# Exhibit C

<u>Nonmajor</u>	<u>Total</u>
\$1,306,609	\$ 5,098,034
9,626	135,977
1,141,083	15,278,121
912	34,897
1,177	5,053
-	1,159,934
-	97,755
-	1,589
-	<u>1,118</u>
<u>\$2,459,407</u>	<u>\$21,812,478</u>

\$ 332,242	\$ 360,278
-	852,223
97	585,953
-	-
-	55,529
<u>1,141,083</u>	<u>15,278,121</u>
<u>1,473,422</u>	<u>17,132,104</u>

-	-
-	50,124
<u>985,985</u>	<u>4,630,250</u>
<u>985,985</u>	<u>4,680,374</u>
<u>\$2,459,407</u>	<u>\$21,812,478</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Exhibit D**

**Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets**

**June 30, 2004**

**Total fund balances of governmental funds (page 26)** \$ 4,680,374

***Amounts reported for governmental activities in the  
statement of net assets are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 55,505,385

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. (264,310)

Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. (40,059,899)

**Net assets of governmental activities (page 20)** \$ 19,861,550

These financial statements should be read only in connection  
with the accompanying notes to financial statements.



**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds**

**Year Ended June 30, 2004**

	<u><b>General</b></u>	<u><b>Special Revenue- Management</b></u>	<u><b>Debt Service</b></u>
Revenues:			
Local sources:			
Local tax	\$ 10,326,410	\$ 454,761	\$ 3,097,058
Tuition	3,434,496	-	-
Other	509,986	6,424	5,288
Intermediate sources	3,917	-	-
State sources	11,024,948	317	1,911
Federal sources	<u>536,924</u>	<u>-</u>	<u>-</u>
Total revenues	<u>25,836,681</u>	<u>461,502</u>	<u>3,104,257</u>
Expenditures:			
Instruction:			
Regular instruction	10,909,203	299,454	-
Special instruction	6,256,645	16,626	-
Other instruction	<u>1,049,618</u>	<u>2,027</u>	<u>-</u>
	<u>18,215,466</u>	<u>318,107</u>	<u>-</u>
Support services:			
Student services	922,990	-	-
Instructional staff services	1,773,773	-	-
Administrative services	1,954,487	214,501	-
Operation and maintenance of plant services	2,168,449	28,469	-
Transportation services	<u>888,091</u>	<u>69,410</u>	<u>-</u>
	<u>7,707,790</u>	<u>312,380</u>	<u>-</u>
Other expenditures:			
Facilities acquisition	-	-	-
Long-term debt:			
Principal	-	-	1,760,000
Interest and fiscal charges	-	-	1,685,228
AEA flowthrough	<u>908,084</u>	<u>-</u>	<u>-</u>
	<u>908,084</u>	<u>-</u>	<u>3,445,228</u>
Total expenditures	<u>26,831,340</u>	<u>630,487</u>	<u>3,445,228</u>
Excess (deficiency) of revenues over (under) expenditures	(994,659)	(168,985)	(340,971)

**Exhibit E**

<u>Nonmajor</u>	<u>Total</u>
\$ 1,127,589	\$ 15,005,818
-	3,434,496
934,904	1,456,602
-	3,917
696	11,027,872
<u>-</u>	<u>536,924</u>
<u>2,063,189</u>	<u>31,465,629</u>
-	11,208,657
-	6,273,271
<u>636,732</u>	<u>1,688,377</u>
<u>636,732</u>	<u>19,170,305</u>
-	922,990
19,884	1,793,657
1,035	2,170,023
135,033	2,331,951
<u>240,452</u>	<u>1,197,953</u>
<u>396,404</u>	<u>8,416,574</u>
5,383,413	5,383,413
-	1,760,000
-	1,685,228
-	908,084
<u>5,383,413</u>	<u>9,736,725</u>
<u>6,416,549</u>	<u>37,323,604</u>
(4,353,360)	(5,857,975)

(continued)

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds**

**Year Ended June 30, 2004**

	<b>General</b>	<b><u>Special Revenue- Management</u></b>	<b><u>Debt Service</u></b>
Other financing sources (uses):			
Operating transfers in	-	-	223,922
Operating transfers out	-	-	-
Capital loan note issued	-	-	-
Refunding bonds issued	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	223,922
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(994,659)	(168,985)	(117,049)
Fund balances beginning of year	4,296,264	511,645	167,173
	<hr/>	<hr/>	<hr/>
Fund balances end of year	<u>\$ 3,301,605</u>	<u>\$ 342,660</u>	<u>\$ 50,124</u>

**Exhibit E**

<u>Nonmajor</u>	<u>Total</u>
-	223,922
(223,922)	(223,922)
-	-
-	-
<u>          </u>	<u>          </u>
<u>(223,922)</u>	<u>-</u>
(4,577,282)	(5,857,975)
<u>5,563,267</u>	<u>10,538,349</u>
<u>\$ 985,985</u>	<u>\$ 4,680,374</u>

These financial statements should be read only in connection  
with the accompanying notes to financial statements.

**COLLEGE COMMUNITY SCHOOL DISTRICT****Exhibit F****Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
to the Statement of Activities****Year Ended June 30, 2004****Net change in fund balances - total governmental funds (page 31)** **\$ (5,857,975)*****Amounts reported for governmental activities in the  
statement of activities are different because:***

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, these costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as a depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 5,349,505	
Depreciation expense	<u>(2,131,405)</u>	3,218,100

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.

1,760,000

Some expenses in the Statement of Activities differ from the amount reported in the governmental funds because they are recorded as an expenditure in the funds when due. In the Statement of Activities, they are recognized as the expense accrues, regardless of when it is due.

Interest on long-term debt	\$ (107,210)	
Early retirement	<u>(190,097)</u>	(297,307)

**Change in net assets of governmental activities (page 24)** **\$ (1,177,182)**

These financial statements should be read only in connection  
with the accompanying notes to financial statements.

**COLLEGE COMMUNITY SCHOOL DISTRICT****Exhibit G****Statement of Net Assets****Proprietary Funds****Year Ended June 30, 2004**

<b>Assets</b>	<b>Nonmajor Funds</b>
Cash and cash equivalents	\$ 269,601
Accounts receivable	9,271
Accrued interest receivable	55
Inventories	22,743
Prepaid expenses	375
Capital assets, net of accumulated depreciation	<u>537,193</u>
<b>Total assets</b>	<u>839,238</u>
 <b>Liabilities</b>	
Accounts payable	37,452
Accrued expenses	22,524
Salaries and benefits payable	<u>35,492</u>
<b>Total liabilities</b>	<u>95,468</u>
 <b>Net Assets</b>	
Invested in capital assets, net of related debt	537,488
Unrestricted	<u>206,282</u>
<b>Total net assets</b>	<u>\$ 743,770</u>

These financial statements should be read only in connection  
with the accompanying notes to financial statements.

**COLLEGE COMMUNITY SCHOOL DISTRICT****Exhibit H****Statement of Revenues, Expenses and Changes in Net Assets****Proprietary Funds****Year Ended June 30, 2004**

	<b><u>Nonmajor Funds</u></b>
Operating revenues:	
Local sources:	
Charges for services	\$ 2,066,980
State sources	<u>55,362</u>
Total operating revenues	<u>2,122,342</u>
Operating expenses:	
Non-instructional programs:	
Salaries	1,144,837
Benefits	216,812
Purchased services	28,742
Supplies	1,110,758
Depreciation	98,834
Other	<u>75,036</u>
Total operating expenses	<u>2,675,019</u>
Operating loss	<u>(552,677)</u>
Nonoperating revenues:	
Local sources	1,585
State sources	14,177
Federal sources	<u>427,647</u>
Total nonoperating revenues	<u>443,409</u>
Net loss	(109,268)
Net assets, beginning of year	675,913
Contributed capital	<u>177,125</u>
Net assets, end of year	<u>\$ 743,770</u>

These financial statements should be read only in connection  
with the accompanying notes to financial statements.

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Statement of Cash Flows**

**Proprietary Funds**

**Year Ended June 30, 2004**

	<b><u>Nonmajor Funds</u></b>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 992,986
Cash received from day care activities	860,768
Cash received from printing	151,618
Cash received from concession sales	122,915
Cash payments to employees for services	(1,365,319)
Cash payments to suppliers for good or services	<u>(1,129,468)</u>
Net cash used in operating activities	<u>(366,500)</u>
Cash flows from non-capital financing activities:	
State grants received	16,481
Federal grants received	<u>339,383</u>
Net cash provided by non-capital financing activities	<u>355,864</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(38,375)</u>
Cash flows from investing activities:	
Interest on investments	<u>1,687</u>
Net decrease in cash and cash equivalents	(47,324)
<b>Cash, beginning of year</b>	<u>316,925</u>
<b>Cash, end of year</b>	<u><u>\$ 269,601</u></u>

(continued)



**COLLEGE COMMUNITY SCHOOL DISTRICT****Exhibit I****Statement of Cash Flows****Proprietary Funds****Year Ended June 30, 2004****Nonmajor  
Funds****Reconciliation of operating loss to net cash used in  
operating activities:**

Operating loss	\$ (552,677)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	87,796
Depreciation	98,834
Increase in inventories	(3,800)
Decrease in accounts receivable	5,945
Increase in prepaid expenses	(160)
Increase in accounts payable	507
Decrease in salaries and benefits payable	(3,670)
Increase in accrued expenses	<u>725</u>
Net cash used in operating activities	<u>\$ (366,500)</u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2004, the District received \$88,264 of federal commodities.

During the year ended June 30, 2004, the District contributed property purchased out of the General Fund to a proprietary fund in the amount of \$177,125.

These financial statements should be read only in connection  
with the accompanying notes to financial statements.

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Exhibit J**

**Statement of Fiduciary Net Assets**

**Fiduciary Funds**

**June 30, 2004**

**Agency**

**Assets**

Cash	\$ 124,977
Receivables:	
Accrued interest	<u>1,773</u>
Total assets	<u>\$ 126,750</u>

**Liabilities and Net Assets**

Liabilities:	
Accounts payable	\$ 2,391
Other payables	124,359
Net Assets	<u>-</u>
Total liabilities and net assets	<u>\$ 126,750</u>

These financial statements should be read only in connection  
with the accompanying notes to financial statements.

# COLLEGE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2004

### (1) Summary of Significant Accounting Policies

The College Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the southern portion of Cedar Rapids, Iowa and the rural areas of southern Linn, northern Johnson and eastern Benton counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

#### A. Reporting Entity

For financial reporting purposes, College Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The College Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

#### B. Basis of Presentation

District-wide financial statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

# COLLEGE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2004

### (1) Summary of Significant Accounting Policies (continued)

#### B. Basis of Presentation (continued)

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses including instructional, support, and other costs.

Management Fund - The Management Fund is used to account for the payment of District insurance costs and early separation benefits.

Debt Service Fund - The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The District's proprietary funds are the School Nutrition, Daycare, Resale, and Print Shop Funds. These funds are used to account for business activities of the District.

The Agency Funds are used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

# **COLLEGE COMMUNITY SCHOOL DISTRICT**

## **Notes to Financial Statements**

**June 30, 2004**

### **(1) Summary of Significant Accounting Policies (continued)**

#### **C. Measurement Focus and Basis of Accounting**

The District-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary funds of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

# COLLEGE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2004

### (1) Summary of Significant Accounting Policies (continued)

#### C. Measurement Focus and Basis of Accounting (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the modified accrual basis.

#### D. Assets, Liabilities and Fund Equity

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental fund types are accounted for using the modified accrual basis of accounting. Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the current fiscal year with a 1 1/2% per month penalty for delinquent payment; is based on January 1, 2002 assessed property valuations; is for the tax accrual period July 1, 2003 through June 30, 2004 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2003.

# COLLEGE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2004

### (1) Summary of Significant Accounting Policies (continued)

#### D. Assets, Liabilities and Fund Equity (continued)

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Furniture and equipment:

School Nutrition Fund equipment	\$	500
Other furniture and equipment		1,000

No threshold exists for land, buildings, or improvements.

Property, furniture, and equipment are depreciated using the straight line method of depreciation over the following estimated useful lives:

Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5 years
Computers	3 years

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year have been paid as of June 30, 2004.

# COLLEGE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2004

### (1) Summary of Significant Accounting Policies (continued)

#### D. Assets, Liabilities and Fund Equity (continued)

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2004. The compensated absences liability attributable to the governmental activities will be paid primarily by the Management Fund.

Long-term Obligations - In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the District-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

#### E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information.



# COLLEGE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2004

### (2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2004 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. The chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had investments in the Iowa Schools Joint Investment Trust which are valued at an amortized cost of \$3,965,881 pursuant to Rule 2a-7 under the Investment Company Act of 1940. Governmental Accounting Standards Board Statement No. 3 requires investments to be categorized to give an indication of the level of risk assumed by the District at year end. The District's investment in the Iowa Schools Joint Investment Trust is not subject to risk categorization.

### (3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2004 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Special Revenue:	
	Physical Plant and Equipment Levy	\$ 223,922

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

### (4) Capital Assets

Capital assets activity for the year ended June 30, 2004 is as follows:

	<u>Balance Beginning of Year, as Restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 471,782	\$ -	\$ -	\$ 471,782
Construction in progress	<u>9,996,072</u>	<u>4,185,792</u>	<u>10,951,966</u>	<u>3,229,898</u>

# COLLEGE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2004

	<b><u>Balance Beginning of Year, as Restated</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Balance End of Year</u></b>
(4) <b>Capital Assets</b> (continued)				
<b>Governmental activities:</b> (continued)				
Total capital assets not being depreciated	<u>10,467,854</u>	<u>4,185,792</u>	<u>10,951,966</u>	<u>3,701,680</u>
Capital assets being depreciated:				
Buildings	48,811,693	11,019,875	-	59,831,568
Improvements other than buildings	2,573,218	280,071	-	2,853,289
Furniture and equipment	<u>8,629,115</u>	<u>815,733</u>	<u>266,263</u>	<u>9,178,585</u>
Total capital assets being depreciated	<u>60,014,026</u>	<u>12,115,679</u>	<u>266,263</u>	<u>71,863,442</u>
Less accumulated depreciation for:				
Buildings	10,450,343	1,294,014	-	11,744,357
Improvements other than buildings	316,706	141,108	-	457,814
Furniture and equipment	<u>7,427,546</u>	<u>696,283</u>	<u>266,263</u>	<u>7,857,566</u>
Total accumulated depreciation	<u>18,194,595</u>	<u>2,131,405</u>	<u>266,263</u>	<u>20,059,737</u>
Total capital assets being depreciated, net	<u>41,819,431</u>	<u>9,984,274</u>	<u>-</u>	<u>51,803,705</u>
Governmental activities capital assets, net	<u>\$52,287,285</u>	<u>\$14,170,066</u>	<u>\$10,591,966</u>	<u>\$55,505,385</u>
<b>Business-Type Activities:</b>				
Furniture and equipment	\$ 950,599	\$ 215,500	\$ 3,700	\$ 1,162,399
Less accumulated depreciation	<u>529,777</u>	<u>98,834</u>	<u>3,700</u>	<u>624,911</u>
Business-type activities capital assets, net	<u>\$ 420,822</u>	<u>\$ 116,666</u>	<u>\$ -</u>	<u>\$ 537,488</u>

# COLLEGE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2004

### (4) Capital Assets (continued)

Depreciation expense was charged to the governmental functions of the District as follows:

Governmental activities:

Instruction:

Regular	\$ 314,854
Special	23,234
Other	26,083

Support services:

Instructional staff	33,330
Administration	74,747
Operation and maintenance of plant	2,502
Transportation	195,528
	<u>670,278</u>

Unallocated depreciation	<u>1,461,127</u>
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\$ 2,131,405

Business-type activities:

Nutrition services	\$ 67,582
Print services	<u>31,252</u>

\$ 98,834

### (5) Long-term Debt

Changes in long-term liabilities for the year ended June 30, 2004 are summarized as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
General obligation bonds	\$38,595,000	\$ -	\$1,545,000	\$37,050,000	\$1,515,000
Notes payable	2,515,000	-	215,000	2,300,000	250,000
Early retirement	<u>752,816</u>	<u>468,561</u>	<u>319,830</u>	<u>901,547</u>	<u>191,648</u>
<b>Total</b>	<u>\$41,862,816</u>	<u>\$ 468,561</u>	<u>\$2,079,830</u>	<u>\$40,251,547</u>	<u>\$1,956,648</u>

# COLLEGE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2004

### (5) Long-term Debt (continued)

#### A. Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. Early retirement incentives are available for all employees except bus drivers and is based on classification of employee. Early retirement benefits paid during the year ended June 30, 2004 totaled \$319,830. The cost of early retirement payments expected to be liquidated currently is recorded as a liability of the Special Revenue, Management Fund.

#### B. Bonds Payable

Details of the District's June 30, 2004 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of 1998			Bond Issue of 1999		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2005	4.30 %	\$ -	\$ 208,538	5.20 %	\$ -	\$ 123,876
2006	4.30 %	425,000	208,538	5.20 %	-	123,876
2007	4.38 %	500,000	190,262	5.20 %	-	123,876
2008	4.45 %	525,000	168,388	5.20 %	-	123,876
2009	4.50 %	600,000	145,026	5.20 %	-	123,876
2010	4.60 %	650,000	118,026	5.20 %	-	123,876
2011	4.63 %	900,000	88,126	5.20 %	-	123,876
2012	4.63 %	1,000,000	46,500	5.20 %	-	123,876
2013	-	-	-	5.20 %	1,000,000	123,876
2014	-	-	-	5.20 %	1,000,000	71,876
2015	-	-	-	5.35 %	375,000	19,876
<b>Total</b>		<u>\$ 4,600,000</u>	<u>\$ 1,173,404</u>		<u>\$ 2,375,000</u>	<u>\$ 1,206,636</u>

Year Ending June 30,	Bond Issue of 2000			Bond Issue of 2001		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2005	5.40 %	\$ -	\$ 191,400	4.85 %	\$ -	\$ 496,976
2006	5.40 %	-	191,400	4.85 %	-	496,976
2007	5.40 %	-	191,400	4.85 %	-	496,976
2008	5.40 %	-	191,400	4.85 %	-	496,976
2009	5.40 %	-	191,400	4.85 %	-	496,976
2010	5.40 %	-	191,400	4.85 %	-	496,976

# COLLEGE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2004

### (5) Long-term Debt (continued)

#### B. Bonds Payable (continued)

Year Ending June 30,	Bond Issue of 2000			Bond Issue of 2001		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2011	5.40 %	-	191,400	4.85 %	-	496,976
2012	5.40 %	-	191,400	4.85 %	-	496,976
2013	5.40 %	-	191,400	4.85 %	-	496,976
2014	5.40 %	-	191,400	4.85 %	-	496,976
2015	5.40 %	-	191,400	4.85 %	-	496,976
2016	5.40 %	-	191,400	4.85 %	100,000	496,976
2017	5.40 %	-	191,400	4.90 %	2,175,000	492,126
2018	5.40 %	1,100,000	191,400	4.95 %	1,400,000	385,550
2019	5.45 %	1,200,000	132,000	5.00 %	1,600,000	316,250
2020	5.55 %	1,200,000	66,600	5.00 %	1,750,000	236,250
2021	-	-	-	5.00 %	2,975,000	148,750
<b>Total</b>		<u>\$ 3,500,000</u>	<u>\$ 2,878,200</u>		<u>\$ 10,000,000</u>	<u>\$ 7,542,638</u>

Year Ending June 30,	Bond Issue of 2002A			Bond Issue of 2002B		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2005	4.60 %	\$ -	\$ 209,100	3.25 %	\$ 625,000	\$ 153,078
2006	4.60 %	-	209,100	3.50 %	640,000	132,766
2007	4.60 %	-	209,100	3.90 %	675,000	110,366
2008	4.60 %	-	209,100	3.90 %	680,000	84,040
2009	4.60 %	-	209,100	4.00 %	700,000	57,520
2010	4.60 %	-	209,100	4.10 %	720,000	29,520
2011	4.60 %	-	209,100	-	-	-
2012	4.60 %	-	209,100	-	-	-
2013	4.60 %	1,100,000	209,100	-	-	-
2014	4.63 %	1,200,000	158,500	-	-	-
2015	4.65 %	1,300,000	103,000	-	-	-
2016	4.65 %	300,000	42,550	-	-	-
2017	4.75 %	400,000	28,600	-	-	-
2018	4.80 %	200,000	9,600	-	-	-
<b>Total</b>		<u>\$ 4,500,000</u>	<u>\$ 2,224,150</u>		<u>\$ 4,040,000</u>	<u>\$ 567,290</u>

# COLLEGE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2004

### (5) Long-term Debt (continued)

#### B. Bonds Payable (continued)

Year Ending June 30,	Bond Issue of 2002C			Bond Issue of 2003A		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2005	3.10%	\$ 615,000	\$ 14,116	2.00%	\$ 250,000	\$ 117,970
2006	-	-	-	2.00%	465,000	112,970
2007	-	-	-	2.00%	455,000	103,670
2008	-	-	-	2.10%	445,000	94,570
2009	-	-	-	2.50%	435,000	85,226
2010	-	-	-	2.80%	425,000	74,350
2011	-	-	-	3.00%	1,015,000	62,450
2012	-	-	-	3.20%	1,000,000	32,000
<b>Total</b>		<u>\$ 615,000</u>	<u>\$ 14,116</u>		<u>\$ 4,490,000</u>	<u>\$ 683,205</u>

Year Ending June 30,	Bond Issue of 2003C			Total	
	Interest Rates	Principal	Interest	Principal	Interest
2005	2.00%	\$ 25,000	\$ 100,350	\$ 1,515,000	\$ 1,615,404
2006	2.00%	25,000	99,850	1,555,000	1,575,476
2007	2.00%	25,000	99,350	1,655,000	1,525,000
2008	2.25%	25,000	98,850	1,675,000	1,467,200
2009	2.50%	25,000	98,288	1,760,000	1,407,412
2010	2.75%	25,000	97,664	1,820,000	1,340,912
2011	2.90%	25,000	96,976	1,940,000	1,268,904
2012	3.05%	25,000	96,250	2,025,000	1,196,102
2013	3.25%	25,000	95,488	2,125,000	1,116,840
2014	3.50%	30,000	94,676	2,230,000	1,013,428
2015	3.50%	655,000	93,626	2,330,000	904,878
2016	3.50%	2,020,000	70,700	2,420,000	801,626
2017	-	-	-	2,575,000	712,126
2018	-	-	-	2,700,000	586,550
2019	-	-	-	2,800,000	448,250
2020	-	-	-	2,950,000	302,850
2021	-	-	-	2,975,000	148,750
<b>Total</b>		<u>\$ 2,930,000</u>	<u>\$ 1,142,068</u>	<u>\$ 37,050,000</u>	<u>\$ 17,431,707</u>

# COLLEGE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2004

### (5) Long-term Debt (continued)

#### C. Capital Loan Note Payable

The District has one capital loan outstanding to provide funds for construction projects. The note bears interest at 2.00% and is payable from the Capital Projects Funds. Details of the District's indebtedness under these agreements at June 30, 2004 are as follows:

<u>Year Ending June 30,</u>	<u>Series 2003B</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 250,000	\$ 358,140
2006	320,000	369,070
2007	330,000	372,350
2008	340,000	375,420
2009	350,000	378,280
2010	355,000	374,880
2011	<u>355,000</u>	<u>365,296</u>
<b>Total</b>	<b>\$ <u>2,300,000</u></b>	<b>\$ <u>2,593,436</u></b>

### (6) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual payroll. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2004, 2003, and 2002 were \$1,060,104, \$964,825 and \$916,326 respectively, equal to the required contributions for each year.

### (7) Risk Management

College Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

# **COLLEGE COMMUNITY SCHOOL DISTRICT**

## **Notes to Financial Statements**

**June 30, 2004**

**(8) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$908,084 for the year ended June 30, 2004 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

**(9) Construction and Other Commitments**

The District entered into various contracts totaling \$11,476,097 for additions to several facilities. As of June 30, 2004, costs of \$10,951,966 had been incurred on the contracts. The balance remaining at June 30, 2004 of \$524,131 will be paid when work on the projects progresses.

**(10) Restatement of Beginning Balance**

The District's beginning net assets as reported on the District-wide Statement of Activities required restatement due to an error relating to an overstatement of accumulated depreciation at June 30, 2003.

This information is an integral part of the accompanying financial statements.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Budgetary Comparison Schedule of Receipts, Disbursements  
and Changes in Balances - Budget and Actual (Cash Basis) -  
All Governmental Funds and Proprietary Funds**

**Year Ended June 30, 2004**

	<b>Governmental Fund Types <u>Actual</u></b>	<b>Proprietary Fund Types <u>Actual</u></b>	<b>Total <u>Actual</u></b>
<b>RECEIPTS:</b>			
Local sources	\$ 19,896,916	\$ 2,068,565	\$ 21,965,481
Intermediate sources	3,917	-	3,917
State sources	11,027,872	69,539	11,097,411
Federal sources	<u>536,924</u>	<u>427,647</u>	<u>964,571</u>
Total receipts	<u>31,465,629</u>	<u>2,565,751</u>	<u>34,031,380</u>
<b>DISBURSEMENTS:</b>			
Instruction	19,170,305	-	19,170,305
Support services	8,416,574	2,675,019	11,091,593
Other expenditures	<u>9,736,725</u>	<u>-</u>	<u>9,736,725</u>
Total disbursements	<u>37,323,604</u>	<u>2,675,019</u>	<u>39,998,623</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(5,857,975)	(109,268)	(5,967,243)
<b>OTHER FINANCING SOURCES, NET</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS</b>	(5,857,975)	(109,268)	(5,967,243)
<b>BALANCES, BEGINNING OF YEAR</b>	<u>10,632,790</u>	<u>675,914</u>	<u>11,308,704</u>
<b>BALANCES, END OF YEAR</b>	<u>\$ 4,774,815</u>	<u>\$ 566,646</u>	<u>\$ 5,341,461</u>

<b>Budgeted Amounts</b>		<b>Final to Actual</b>
<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Variance-Positive/ (Negative)</u></b>
\$ 22,829,954	\$ 22,829,954	\$ (864,473)
10,902	10,902	(6,985)
11,357,745	11,357,745	(260,334)
<u>960,567</u>	<u>960,567</u>	<u>4,004</u>
<u>35,159,168</u>	<u>35,159,168</u>	<u>(1,127,788)</u>
19,585,109	22,640,443	3,470,138
10,655,665	12,841,525	1,749,932
<u>8,736,701</u>	<u>10,527,185</u>	<u>790,460</u>
<u>38,977,475</u>	<u>46,009,153</u>	<u>6,010,530</u>
(3,818,307)	(10,849,985)	4,882,742
<u>-</u>	<u>-</u>	<u>-</u>
(3,818,307)	(10,849,985)	4,882,742
<u>6,113,208</u>	<u>4,942,800</u>	<u>6,365,904</u>
<u>\$ 2,294,901</u>	<u>\$ (5,907,185)</u>	<u>\$ 11,248,646</u>

See accompanying independent auditor's report.

## **COLLEGE COMMUNITY SCHOOL DISTRICT**

### **Notes to Required Supplementary Information- Budgetary Reporting**

**Year Ended June 30, 2004**

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the cash basis. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted disbursements by \$7,031,678.

During the year ended June 30, 2004, no disbursements in the functional areas exceeded the amounts budgeted.

## **OTHER SUPPLEMENTARY INFORMATION**

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Combining Balance Sheet  
Nonmajor Governmental Funds**

**June 30, 2004**

	<b><u>Student Activity</u></b>	<b><u>Physical Plant and Equipment Levy</u></b>	<b><u>Capital Projects- Road/Sewer</u></b>
<b>ASSETS</b>			
Cash and pooled investments	\$ 300,870	\$ 72,855	\$ 715,357
Receivables:			
Property tax:			
Delinquent	-	9,626	-
Succeeding year	-	1,141,083	-
Accounts receivable	-	-	912
Accrued interest	-	-	1,114
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 300,870</u>	<u>\$ 1,223,564</u>	<u>\$ 717,383</u>
<b>LIABILITIES AND FUND EQUITY</b>			
Liabilities:			
Accounts payable	\$ 9,160	\$ 445	\$ 322,637
Salaries and benefits payable	97	-	-
Deferred revenue-succeeding year property tax	<u>          </u>	<u>1,141,083</u>	<u>          </u>
Total liabilities	<u>9,257</u>	<u>1,141,528</u>	<u>322,637</u>
Fund Equity:			
Unreserved fund balances	<u>291,613</u>	<u>82,036</u>	<u>394,746</u>
Total liabilities and fund equity	<u>\$ 300,870</u>	<u>\$ 1,223,564</u>	<u>\$ 717,383</u>

# Schedule 1

<b><u>Capital Projects- Elementary</u></b>	<b><u>Total</u></b>
\$ 217,527	\$ 1,306,609
-	9,626
-	1,141,083
-	912
<u>63</u>	<u>1,177</u>
<u>\$ 217,590</u>	<u>\$ 2,459,407</u>
\$ -	\$ 332,242
-	97
<u>-</u>	<u>1,141,083</u>
<u>-</u>	<u>1,473,422</u>
<u>217,590</u>	<u>985,985</u>
<u>\$ 217,590</u>	<u>\$ 2,459,407</u>

See accompanying independent auditor's report.

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Governmental Funds**

**Year Ended June 30, 2004**

	<u><b>Student Activity</b></u>	<u><b>Physical Plant and Equipment Levy</b></u>	<u><b>Capital Projects- Road/Sewer</b></u>
<b>Revenues:</b>			
Local sources:			
Local tax	\$ -	\$ 1,127,589	\$ -
Other	662,321	20	84,369
State sources	<u>-</u>	<u>696</u>	<u>-</u>
Total revenues	<u>662,321</u>	<u>1,128,305</u>	<u>84,369</u>
<b>Expenditures:</b>			
Instruction:			
Other instruction	636,732	-	-
Support services:			
Instructional staff services	-	19,884	-
Administrative services	-	1,035	-
Operation and maintenance of plant services	-	135,033	-
Transportation services	-	240,452	-
Other expenditures:			
Facilities acquisition	<u>-</u>	<u>463,559</u>	<u>1,868,415</u>
Total expenditures	<u>636,732</u>	<u>859,963</u>	<u>1,868,415</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,589</u>	<u>268,342</u>	<u>(1,784,046)</u>
Other financing uses:			
Operating transfers out	<u>-</u>	<u>(223,922)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	25,589	44,420	(1,784,046)
Fund balances, beginning of year	<u>266,024</u>	<u>37,616</u>	<u>2,178,792</u>
Fund balances, end of year	<u>\$ 291,613</u>	<u>\$ 82,036</u>	<u>\$ 394,746</u>



## Schedule 2

<b><u>Capital Projects- Elementary</u></b>	<b><u>Total</u></b>
\$ -	\$ 1,127,589
188,194	934,904
<u>-</u>	<u>696</u>
<u>188,194</u>	<u>2,063,189</u>
-	636,732
-	19,884
-	1,035
-	135,033
-	240,452
<u>3,051,439</u>	<u>5,383,413</u>
<u>3,051,439</u>	<u>6,416,549</u>
<u>(2,863,245)</u>	<u>(4,353,360)</u>
<u>-</u>	<u>(223,922)</u>
(2,863,245)	(4,577,282)
<u>3,080,835</u>	<u>5,563,267</u>
<u>\$ 217,590</u>	<u>\$ 985,985</u>

See accompanying independent auditor's report.

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Schedule of Changes in Individual Student Activity Accounts**

**Year Ended June 30, 2004**

	<b><u>Balance, Beginning of Year</u></b>	<b><u>Revenues</u></b>	<b><u>Expenditures</u></b>	<b><u>Balance, End of Year</u></b>
Student activity account:				
Athletic:				
General	\$ 101,949	\$ 78,521	\$ 112,979	\$ 67,491
Student clubs:				
Advisory	7,860	67,003	64,186	10,677
Co-curricular Activities:				
High school	8,442	9,173	16,331	1,284
Middle school	5,850	11,787	12,146	5,491
Prairie Crest	13,318	3,333	4,286	12,365
Prairie Heights	22,939	23,213	24,465	21,687
Prairie Ridge	-	8,175	6,912	1,263
Prairie View	13,845	16,776	11,530	19,091
Prairie Oaks	192	103	50	245
Student Council	11,013	14,370	12,850	12,533
Class of:				
2003	1,346	-	1,346	-
2004	4,497	519	4,156	860
2005	1,251	10,455	6,662	5,044
2006	352	1,513	658	1,207
2007	-	519	183	336
Baseball Club	3,343	5,351	7,802	892
Softball Club	3,361	6,110	5,591	3,880
Productions - Theatrical	-	1,701	1,701	-
Performing Arts Club	-	11,035	10,009	1,026
Special Olympics	190	25	174	41
2003 Yearbook	4,766	7,294	6,234	5,826
2004 Yearbook	-	26,363	17,140	9,223
SADD Organization	140	-	-	140
Archery Club	18	-	18	-
Spring and Fall Plays	-	1,426	492	934
Student Club	3,536	601	530	3,607
German Club	1,469	1,438	1,633	1,274
Spanish Club	30	-	30	-
Student Vending	1,705	6,368	7,976	97
Student Shake Break				
Account	5,810	-	1,163	4,647
Lettermen's Club	2,441	5,875	2,640	5,676
State Tournaments	2,428	5,551	3,186	4,793
Girls Track Club	86	4,434	4,226	294
Boys Track Club	979	13,493	10,263	4,209
Volleyball Club	2,801	22,688	17,285	8,204

(continued)

## COLLEGE COMMUNITY SCHOOL DISTRICT

## Schedule 3

## Schedule of Changes in Individual Student Activity Accounts

Year Ended June 30, 2004

	<b><u>Balance, Beginning of Year</u></b>	<b><u>Revenues</u></b>	<b><u>Expenditures</u></b>	<b><u>Balance, End of Year</u></b>
Student activity account (continued):				
Student clubs (continued):				
Art Activity	-	191	-	191
Competition Cheerleading	-	15,123	15,089	34
Instrumental Music	1,790	5,844	5,947	1,687
Cheerleading	12,552	24,575	26,401	10,726
Football Club	10,586	11,558	5,953	16,191
Business Prof./America	2,198	21,831	21,250	2,779
Boys Tennis Club	21	355	264	112
Girls Tennis Club	-	3,074	2,391	683
Thompson Activity	250	259	241	268
McWilliams Activity	1,718	2,536	2,112	2,142
Boys Soccer Club	1,894	3,859	4,458	1,295
Girls Soccer Club	87	4,011	4,098	-
Wrestling Club	3,107	28,684	14,853	16,938
Music Trip	18,857	20,084	14,109	24,832
SAVE	2,814	1,407	1,209	3,012
Prairie Dancers	2,212	26,104	15,897	12,419
Ambassadors	294	-	294	-
Instrumental Activity	1,354	11,599	11,955	998
Hawk Talk - General	322	5,005	4,707	620
Auto Club	914	3,657	1,890	2,681
Washington Trip	4,463	50,217	50,510	4,170
Girls Basketball Club	1,457	6,968	7,711	714
Boys Basketball Club	860	8,328	7,367	1,821
Vocal Music	7,071	25,307	27,816	4,562
Musical	202	1,000	785	417
Video Club	36	-	-	36
National Honor Society	-	652	652	-
One and Two Act Plays	447	489	400	536
Boys Golf Club	89	-	89	-
Girls Golf Club	-	691	397	294
Speech - Forensics	-	21	21	-
Band Uniforms	(35,528)	12,000	10,344	(33,872)
Koble Activity	-	1,186	196	990
VICA Club	-	493	493	-
	<u>164,075</u>	<u>583,800</u>	<u>523,753</u>	<u>224,122</u>
<b>Total</b>	<b><u>\$ 266,024</u></b>	<b><u>\$ 662,321</u></b>	<b><u>\$ 636,732</u></b>	<b><u>\$ 291,613</u></b>

See accompanying independent auditor's report.

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Schedule 4**

**Schedule of Changes in Fiduciary Assets and Liabilities**

**Agency Funds**

**June 30, 2004**

	<b>Balance Beginning of <u>Year</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b>Balance End of <u>Year</u></b>
<b>ASSETS</b>				
Cash	\$ 91,222	\$ 394,619	\$ 360,864	\$ 124,977
Accrued interest	<u>467</u>	<u>1,773</u>	<u>467</u>	<u>1,773</u>
Total assets	<u><u>\$ 91,689</u></u>	<u><u>\$ 396,392</u></u>	<u><u>\$ 361,331</u></u>	<u><u>\$ 126,750</u></u>
<b>LIABILITIES</b>				
Accounts payable	\$ 4,610	\$ 2,391	\$ 4,610	\$ 2,391
Other payables	<u>87,079</u>	<u>394,618</u>	<u>357,338</u>	<u>124,359</u>
Total liabilities	<u><u>\$ 91,689</u></u>	<u><u>\$ 397,009</u></u>	<u><u>\$ 361,948</u></u>	<u><u>\$ 126,750</u></u>

See accompanying independent auditor's report.

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Schedule 5**

**Schedule of Revenues by Source and Expenditures by Function**

**All Governmental Fund Types**

**For the Last Four Years**

	<b>Modified Accrual Basis</b>			
	<b><u>2004</u></b>	<b><u>2003</u></b>	<b><u>2002</u></b>	<b><u>2001</u></b>
Revenues:				
Local sources:				
Local tax	\$15,005,818	\$14,562,655	\$13,229,157	\$12,366,521
Tuition	3,434,496	3,651,132	3,544,752	3,425,723
Other	1,456,602	1,625,747	1,652,989	1,472,642
Intermediate sources	3,917	10,902	10,831	12,332
State sources	11,027,872	10,563,673	10,166,361	10,443,446
Federal sources	<u>536,924</u>	<u>529,434</u>	<u>346,105</u>	<u>311,276</u>
Total revenues	<u>\$31,465,629</u>	<u>\$30,943,543</u>	<u>\$28,950,195</u>	<u>\$28,031,940</u>
Expenditures:				
Instruction:				
Regular instruction	\$11,208,657	\$10,291,828	\$10,023,691	\$ 8,820,395
Special instruction	6,273,271	5,699,349	5,171,134	4,635,333
Other instruction	1,688,377	1,888,720	1,492,772	1,661,553
Support services:				
Student services	922,990	794,858	758,095	694,322
Instructional staff services	1,793,657	1,720,244	1,775,627	1,921,602
Administration services	2,170,023	1,983,994	1,828,100	1,537,700
Operation and maintenance of plant services	2,331,951	1,946,347	2,032,587	1,925,433
Transportation services	1,197,953	1,182,910	1,125,611	1,046,655
Other expenditures:				
Facilities acquisition	5,078,613	8,718,040	5,998,192	7,151,077
Long-term debt:				
Principal	1,760,000	8,550,000	8,590,000	1,325,000
Interest and other charges	1,685,228	2,694,993	2,047,881	1,495,308
AEA flowthrough	<u>908,084</u>	<u>915,906</u>	<u>893,168</u>	<u>866,997</u>
Total expenditures	<u>\$37,018,804</u>	<u>\$46,387,189</u>	<u>\$41,736,858</u>	<u>\$33,081,375</u>

See accompanying independent auditor's report.

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Schedule 6**

**Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2004**

<u><b>Grantor/Program</b></u>	<u><b>CFDA Number</b></u>	<u><b>Expenditures</b></u>
Indirect:		
Department of Agriculture:		
Iowa Department of Education:		
Food Distribution (non-cash)	10.550	\$ 88,264
School Nutrition Cluster Programs:		
School Breakfast Program	10.553	42,784
National School Lunch Program	10.555	296,599
		<u>339,383</u>
Department of Education:		
Iowa Department of Education:		
Title I Grants to Local Educational Agencies	84.010	<u>221,433</u>
Improving Teacher Quality State Grants	84.367	<u>78,361</u>
Safe and Drug Free Schools	84.186	<u>12,191</u>
Innovative Education Program Strategies (Title V Program)	84.298A	<u>17,796</u>
Grants for State Assessments and Related Activities	84.369	<u>20,279</u>
Grant Wood Area Education Agency:		
Special Education - Grants to States	84.027	
Idea Part B Flowthrough		3,917
Success for School Improvement		115,717
Transition Improvement Grant		<u>119,634</u>
Perkins Vocational Education Program	84.048A	<u>21,093</u>
Federal Medicaid Funds:		
Linn County DHRM:		
Medicaid Administration	93.778	14,691
Office of the Chief of Engineers:		
Johnson County:		
Payments to States in Lieu of Real Estate, (Flood Control Payments)	12.112	<u>11,858</u>
<b>Total</b>		<u><u>\$ 944,983</u></u>

(continued)

# COLLEGE COMMUNITY SCHOOL DISTRICT

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2004

**Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of College Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*. Therefore, some accounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

**Independent Auditor's Report on Internal Control over Financial  
Reporting and on Compliance and Other Matters Based on Audit of Financial  
Statements Performed in Accordance with Government Auditing Standards**

To the Board of Education  
College Community School District  
Cedar Rapids, Iowa

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the College Community School District as of and for the year ended June 30, 2004, and have issued our report thereon dated August 20, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered College Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

We noted other matters involving the internal control over financial reporting that we have reported to management of College Community School District in a separate letter dated October 15, 2004.

**Compliance**

As part of obtaining reasonable assurance about whether College Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of non-compliance that is described in Part IV of the accompanying Schedule of Findings and Questioned Costs.



This report is intended solely for the information and use of the board members, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Gunderson LLP*

Cedar Rapids, Iowa  
August 20, 2004

**Independent Auditor's Report on Compliance with Requirements Applicable  
to Each Major Program and on Internal Control over Compliance in  
Accordance with OMB Circular A-133**

To the Board of Education  
College Community School District  
Cedar Rapids, Iowa

**Compliance**

We have audited the compliance of College Community School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. College Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of College Community School District's management. Our responsibility is to express an opinion on College Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about College Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on College Community School District's compliance with those requirements.

In our opinion, College Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item III-A-04.

## **Internal Control Over Compliance**

The management of College Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered College Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the board members, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Gunderson LLP*

Cedar Rapids, Iowa  
August 20, 2004

# **COLLEGE COMMUNITY SCHOOL DISTRICT**

## **Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2004**

### **Part I: Summary of the Independent Auditor's Results**

- (a) An unqualified opinion was issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were identified.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were identified.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - Cluster programs:
    - CFDA Number 10.553 - School Breakfast Program
    - CFDA Number 10.555 - National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) College Community School District qualified as a low-risk auditee.

### **Part II: Findings Related to the General Purpose Financial Statements:**

#### **Instances of Non-compliance:**

No matters were reported.

## COLLEGE COMMUNITY SCHOOL DISTRICT

### Schedule of Findings and Questioned Costs

Year Ended June 30, 2004

#### **Part III: Findings and Questioned Costs for Federal Awards:**

##### **Instance of Non-compliance:**

**CFDA 10.553: School Breakfast Program and  
CFDA 10.555: National School Lunch Program  
Federal Award Year: 2004  
U.S. Department of Agriculture  
Passed through the Iowa Department of Education**

III-A-04 Free Meal Benefits - One student was noted as receiving free meal benefits while reporting a family income level that was greater than the guidelines shown for free meals and should have been moved to the reduced price meal benefit. Also, four individuals were noted as omitted from the final report while four names were duplicated.

Recommendation - A person independent of the performance of the verification procedures should review the results of testing and the reporting form before submission to ensure accurate completion of the reporting form.

Response - We will perform an independent review of the reporting form and its supporting documentation before final submission.

Conclusion - Response accepted.

#### **Part IV: Other Findings Related to Required Statutory Reporting:**

IV-A-04 Official Depositories - Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2004.

IV-B-04 Certified Budget - Disbursements for the year ended June 30, 2004 did not exceed the amount budgeted.

IV-C-04 Questionable Disbursements - No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-D-04 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-E-04 Business Transactions - No transactions requiring Board approval which had not been approved by the board were noted.

IV-F-04 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

**Part IV: Other Findings Related to Required Statutory Reporting:** (continued)

- IV-G-04 Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.
- IV-H-04 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.
- IV-I-04 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- IV-J-04 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-K-04 Financial Condition - The Student Activity Fund had one significant deficit balance in the Band Uniforms Account at June 30, 2004.

Recommendation - The District should monitor this account and investigate alternatives to eliminate this deficit.

Response - We will work on this.

Conclusion - Response accepted.

## **COLLEGE COMMUNITY SCHOOL DISTRICT**

### **Audit Staff**

This audit was performed by:

Robert L. Poundstone, CPA, Partner

Michele Matt, CPA, Manager

Tim Wood, CPA, Senior Associate

Andy Johnson, Senior Associate

Justin Zimmerman, Associate